

Prosperity's Dependence on Agriculture

By E. T. MEREDITH

Former Secretary of Agriculture

THE farming industry of this country is of considerable proportions, representing an investment equal to that of all the railroads, all the manufacturing plants, all the mines and all the quarries in the United States. Essentially, it is the basic industry. The income from livestock and crops for a single year practically equals the entire national debt. In other words, agriculture represents a permanent investment of \$80,000,000,000, and its output in 1919 was valued at twenty-five billions. The greater part of the output of this enormous enterprise comes almost to the door of American business. The manufacturers receive from it, directly or indirectly, the materials that go to make up their finished products. Bankers employ their deposits in facilitating the exchange between the two. The railroads and other carriers, including the comparatively new and important enterprise of motor transportation, have as their principal purpose the carrying of commodities from one to the other. The merchant has on his shelves many of the products of the farm, and with many of them, the farmer is the largest customer.

Importance Not Appreciated

TOO MANY persons, I am afraid, have failed to appreciate fully the importance of agriculture or their dependence upon it. This has resulted, in many instances, in lack of sympathetic understanding of the farmer's problems and of the difficulties confronting him not only in producing his crops or livestock, but also in the marketing of his products. Agriculture furnishes the basis of much of the business of the country. There are many industries which are entirely dependent upon it, such as the manufacture of farm implements and machinery, the packing houses, the grain merchants, and many others. Neither the business man nor the farmer, therefore, can be genuinely and permanently prosperous without the good will and the material aid of the other. Whenever a business man does anything toward making the agriculture of his section more profitable to the farmers, he does something which will help his own business, because there is not in the United States any business center that could continue to prosper independently of the farming communities surrounding it.

Recognizing these facts, I made it a part of my work as Secretary of Agriculture during the last year of the Wilson Administration to tell the story of agriculture to the citizens of America and to point out to them some fundamental points of contact between the two. It has seemed to me that, on the whole, we have given too little attention to public opinion as it relates to agricultural problems. Any misconception on the part of a large group of individuals as to the true function of public institutions relating to agriculture is almost certain to retard progress. Generally speaking, the consumer thinks that agricultural institutions, including the colleges and the Department of Agriculture, are maintained for the benefit of the farmer and for his benefit alone. This, of course, is not true. These institutions are serving, with a high measure of efficiency, the whole people, urban as well as rural.

During the past fifty years, the relative decrease in agricultural population and the increase in urban population has been very marked, yet the smaller percentage of persons engaged in agriculture has produced adequate supplies of farm products. Increased efficiency directly attributable to the work of agricultural institutions has certainly played an important part in bringing about this result. Everything done by them that has helped to increase production and to eliminate wastes not only has added to the farmer's income but has also benefited the city consumer. This fact, however, is not generally understood. One of the tasks ahead of us is to see that such an understanding is conveyed to the public; that it is demonstrated to the people in the cities, as well as those in the rural districts, that the funds devoted to agriculture are not used in the interest of the farmer alone but in the interest of the consumer as well.

Farmers Lose Five Billions

OUR great and basic industry is now laboring under many handicaps and, unless an active interest is taken by all our citizens in the problems of the farmers, the country may discover, in some not distant day, that the foundation upon which its entire business structure rests has been weakened. Although the farmers produced last year, in the face of enormous difficulties, the largest harvest in the history of American agriculture, with a single exception, the year's output was worth, at prices prevailing last December, five billion dollars less than the smaller crop of 1919 and three billion dollars less than the still smaller crop of 1918. No other industry or business could suffer a similar experience and avoid insolvency.

The situation which the farmers are facing now may have serious consequences, immediate and remote, to the nation. While there is, perhaps, no single solution for it, there are many steps that can and should be taken to place agriculture on a more satisfactory basis and to stabilize the business of farming—not in the interest of the farmers alone, but in the interest of the country as a whole. The matter is of such tremendous importance to our entire population that it should be recognized everywhere as a national problem and dealt with as such.

Life on the farm and in the rural community gives rise to problems the solution of which is of vital importance to American agriculture and American civilization. It has been demonstrated that these problems are susceptible of scientific investigation. Valuable studies already have been made, and they should be enlarged and others instituted, including especially studies relating to the human aspect of tenancy and land-

lordism, migration from farm life, population groups and community planning.

In our country, agriculture, manufacture, transportation, merchandising and professional service—strong competitors with one another for both capital and workers—are all expected to hold their own. The history of agriculture seems to show, however, that farming is in periodic danger of losing its grip on both capital and workmen and of allowing them to slip away into city industries. Statesmen have always viewed with alarm the tip of the scales from farming to industry and from country life to urban life. When the farm loses its balance to the city, the nation is threatened with a food shortage or with dependence upon foreign countries for essential foodstuffs. But the shortage of food is not the only danger. When American agriculture begins to lose ground, the political stability of the nation is endangered.

The real concern in America over the movement of rural population to urban centers is whether those who remain in agriculture after the normal contribution to the city are the strong, intelligent, well-seasoned families, in which the best traditions of agriculture and citizenship have been lodged from generation to generation. The present universal cry of "keep the boy on the farm" can and should be expanded into a great public sentiment for making country life more attractive in every way. Neither force nor exhortation will keep people in the rural districts if they are to be deprived of the benefits of modern social, educational and other opportunities. But when farming is made profitable and when the better things of life are steadily brought, in increasing measure, to the rural community, so that farm families need not give up farming in order to satisfy their desires for the best that modern civilization affords, the great motives which lead youth and middle age to leave the country districts will be removed. In order to assure a continuance of the best strains of farm people in agriculture, there can be no relaxation of the present movements for a better country life, economic, social, and educational. Country life has many advantages, but they cannot be sufficiently enjoyed without constant improvement in the living arrangements on the farms.

No more important problem confronts the agencies concerned with agricultural advancement today than the economic problem. This involves financial and commercial difficulties, which merit the people's attention.

The Financing of the Crop

THE financial problems of the farm have become more and more involved, until today they rank in importance with the financial problems of commercial industries. Tremendous sums of money are required every year to finance crop production and movement. Bankers have done many things to encourage agriculture. The entire commercial cantaloupe industry of America, for example, was inaugurated by the bankers and business men of Rocky Ford, Colorado. The town was settling down into a rut of mediocrity, but in a few years it doubled in population and increased wonderfully in prosperity. The bankers who nourished the cantaloupe industry in its infancy have received in increased business many times more than the sums they advanced.

I could take up pages of space in recounting the many activities of the bankers in financing all sorts of farming operations, and for every score of opportunities thus availed of, there are a hundred others knocking at the grated windows of American bankers. Apparently well-founded complaints have reached the department from farmers who have been denied credit for essential productive purposes while the producers of expensive luxuries and the dealers in them have been accommodated. I do not intend to imply that these bankers have maliciously chosen to handicap agriculture by the refusal of credit which they might have extended, but rather that they have yielded to the temptation of a larger immediate income from loans for less fundamental purposes. It is more than probable, however, that the bankers who have followed a short-sighted policy in such matters will, in the long run, be the losers.

A few years ago there was enacted by Congress a law known as the Federal Farm Loan Act, the fundamental purpose of which is to provide the farmers with farm mortgage credit, at a reasonable cost and on satisfactory terms of repayment, and thus to encourage land ownership by actual farmers and to decrease the percentage of tenancy. I do not need to dwell upon the importance of this measure and of the far-reaching influence of the system that has been developed under it. Unquestionably, it has been of immense benefit to farmers, but it is nevertheless true that the banking institutions of the United States are the largest single source of farm-mortgage credit. An investigation held by the Department of Agriculture four or five years ago indicated not only that the banks held more farm mortgages than any other class of institutions in the country, but also that a considerable percentage of the farm mortgages held by other agencies, as well as by individuals, was placed by them. They are in position, therefore, through wise and sympathetic handling of their farm-mortgage business, to play an immensely important part in the task of insuring the continued cultivation of a large part of our agricultural area by actual owners.

In addition to mortgage credit, there is frequent need on the part of farmers for short-time or personal credit. In the case of the man who owns and has paid

for his farm, the supplying of such credit raises, as a rule, no serious problem. In the case of the renter, however, and of the young farmer who is just starting out as an owner, the question of short-time credit continues to be a difficult one. In such cases, bankers should realize that personal credit can and should be based, to a considerable extent, upon character and productive ability. To deny such credit to the honest, ambitious, energetic farmer because he has little tangible security to offer is to lessen the productivity of available capital and to discourage the man who in the future should be a land-owning farmer.

Because of the splendid security the farmer has to offer, because the farmer himself is a good risk, because the success of farming depends upon a sufficient amount of working capital, and because successful farming—and in the definition of successful farming I include profitable farming—is essential to the prosperity of the whole community, it is incumbent upon bankers generally to give to individual farmers who apply for loans the same consideration and the same service which they would give to any other class of business men.

Suggests Specialist in Bank

THIS leads me to suggest a plan which is already in operation in many country banks and which enables them to keep in close touch with farmers, to understand their needs, to assist them in various ways, and at the same time, to promote the business of the bank. This plan is the employment by their loan departments of a specialist trained in agriculture who will circulate over the county, get acquainted with farmers, attend their meetings, advocate improved methods of agriculture, and explain the banking business to them. Splendid results have been secured in this way by cultivating friendly relations with farmers, helping them intelligently in their problems and when they need financial accommodations, and encouraging them to build up a good bank account.

There is one fundamental and associated fact that I would like especially to emphasize, and that is, the farmer must receive adequate prices for his products, prices which will enable him to continue to produce, to secure a reasonable return for his efforts, and to maintain a satisfactory standard of living for himself and for his family.

Every business man, of course, is interested in keeping the farmer on the farm and in having the farm operated to its reasonable capacity, turning as much as possible into the channels of trade, manufacture and transportation, and this means that every business man should be vitally interested in seeing that the farmer gets fair treatment in the marketing of his products.

No more important problem confronts the agencies concerned with agricultural advancement today than that of marketing and distributing farm products. Until relatively recently the marketing half of the problem of farming received very little attention in any organized way. The lack of adequate transportation and credit facilities have intensified the problem, but, aside from these, there are other difficulties. The constantly increasing distances between our areas of commercial production and our centers of greatest consumption have complicated the situation. Until a few years ago, little systematic work had been done looking to the improvement of our marketing processes. Now the Bureau of Markets is actively at work along this line.

No one will deny, I am sure, that it would be wise to concentrate the best brains of the country upon the vital problems of agriculture and to provide the Department of Agriculture, with its 20,000 employees of which 4,000 are in Washington, and the agricultural colleges and experiment stations with adequate facilities for carrying on their work in the most effective manner. And yet these institutions are being constantly weakened by having many of their best scientific and research workers taken away from them by private concerns who can afford to pay them better salaries—often three and four times as much as the government can offer them. The scientific worker ordinarily does not expect the government to pay him as large a salary as he can secure in private employment. He is usually willing to accept less in order that he may remain in strictly scientific work. The government should be in a position to retain its scientific and technical workers over long periods.

Find Out What Farmer Thinks

WHAT we should know is what the farmers, as a whole, think. How are we going to find out? I have heard members of Congress say that they could not find out where the farmers stood on questions relating to agriculture; that they wanted to serve the farmers but that they could not find out what their views were. When business takes a referendum through the United States Chamber of Commerce, one knows whether ninety or eighty or sixty per cent or whatever the percentage may be, of those in the North, in the South, in the East or in the West, are in favor of the proposition involved. One can learn what business men think about the Federal Reserve System or the Shipping Board, for example.

But what do the farmers think? Each organization has its particular problems, and each has its place, but it seems to me that there should be some central clearing house through which they could all work together. If one wants to know what the farmers think now, ten or twelve different views must be secured and then make a choice. That is not good business or efficiency. It does not serve the best interests of the farmers.

To my mind, the establishment of a national chamber of agriculture would be one of the greatest services that could be rendered to agriculture, and, in the end, to all the people.